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Facts On Grain Marketing



ISSUED BY
The
**Northwest Grain Dealers'
Association**
WINNIPEG



FOREWORD

To the Farmers and Business Men of
Western Canada:

IN view of the general discussion raised by a series of circulars sent by the Northwest Grain Dealers' Association to their country agents, setting forth the views of the members of this Association on certain aspects of the policy and record of the Pool, we have, in response to a widespread request for copies, reprinted the principal circulars referred to so that all interested can see exactly what was said. Included in this pamphlet are also certain articles broadcasted by radio.

It is obviously most desirable that the important question of grain marketing should be understood and discussed from every angle. The Grain Trade has the right to present its side of the case. So has the Pool. Indeed, everyone will expect the Grain Trade to exercise this right.

When the Central Selling Agency for the three provincial pools was organized, it applied for membership in the Winnipeg Grain Exchange, in the Clearing House of the Exchange, and in the Lake Shippers' Clearance Association.

The Grain Trade placed no difficulty in the way of the Central Selling Agency of the Pool becoming a member of these institutions, and it became, and is today, a member of each of the institutions named; enjoying all the privileges of such membership, using all the facilities provided by these associations, and in so doing profiting by the organizations which had taken the Grain Trade very many years to develop and perfect.

When the provincial pools were ready to begin business, they made contracts with elevator companies for the handling of Pool grain from the country to the terminal markets; and while there may have been some difficulties in details, still the fact is that the Pools have renewed those contracts from year to year, and have had the Pool wheat handled to the terminal markets, and financed by the elevator companies with money borrowed from the banks, not on any security offered by the Pools to the banks, but by securities given by the elevator companies to the banks.

These things were done by the Grain Trade because the Grain Trade realized that the farmers should be given facilities with which to try out the so-called Pool method of marketing. The Grain Trade regarded the Pool as an experiment in marketing, to be tested by the experience of several years, and while the Grain Trade did not and does not see any superiority in the Pool system of marketing, they realized that a large number of the farmers of the prairie provinces desired to make the experiment.

From the time the Pools in the provinces were organized until this date there has been a stream of argument directed against the Grain Trade in all its branches by men who were supporters of the Pool; arguments based on misrepresentation and inaccuracies, many of them grossly unfair and untrue.

The Northwest Grain Dealers' Association sometime ago considered it advisable to deal with some of these arguments, for the information, primarily and mainly of the country agents of the grain firms, and with this end in view it issued to those agents circulars, from time to time.

It was an internal or domestic matter, for the information of country elevator man-

agers and country agents in general, and it was done solely because of the unceasing attacks of men who purported to be supporters of the Pool.

The fact that such circulars were being sent to country agents soon became known. The circulars themselves became known to others than agents in some cases, and in other cases parties who were more or less interested asked for some or all of the circulars.

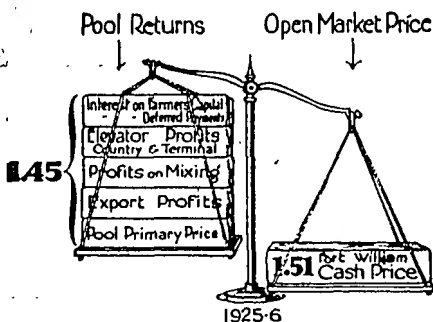
This work is represented as having cost a large sum of money. It has cost little money. It has also been represented that this large sum of money is taken out of the pockets of the non-Pool farmer. This statement is not correct. The cost has been small, a mere trifle if compared with the cost of the elaborate publicity work of the Pools, and it has not been paid by the producer.

As a result of this endeavor to give some information to country agents there has been an attack upon the Northwest Grain Dealers' Association. It has therefore been decided, although it was not originally intended, to send copies of most of the circulars to individual farmers direct, in order to give the farmers an opportunity to read the circulars and judge for themselves.

As stated, the Grain Trade regard the Pool as an experiment in international trading. They consider that in coarse grains that experiment has been a failure. They consider that any measure of success the Pool has had in wheat has been due to the fact that the Pool had a contract with country elevator owners with regard to the handling and financing of the grain, and to the fact that the Pool had at its disposal all the machinery and all the facilities for the marketing of

wheat that had been developed by the Grain Trade during the past forty years. The trade consider that the theories on which the Pool was founded have not been, and cannot be, successfully carried into practice; that the promises which were made when the Pool was created have not been fulfilled; that the experiment has not shown any superiority of the so-called new method of marketing over the old; that the price levels of wheat have not been increased by the Pool; and that misrepresentations will not long maintain a costly system of marketing which is not adapted to the conditions of international trading.

While these circulars were intended primarily for the country agents of the trade, the Northwest Grain Dealers' Association is now putting them in the hands of individual farmers, and it has no apology whatever to make either for sending them to its own agents originally or for sending them to individual farmers now.



EVEN with the final payment of 5c. announced October 15th, the Pool basic price for the year 1925-26 on No. 1 Northern is only \$1.45, per bushel, Ft. William.

The open market average price for the same period is \$1.51.

From the announced Pool basic price, deductions amounting to 3.92c are taken in Saskatchewan and 2c per bushel in Manitoba on 1 Northern.

Therefore, the Pool basis Ft. William price, actually paid, is 9.92c below the open market average in Saskatchewan, and 8c below the open market average in Manitoba on 1 Northern.

This is all the more significant because the Pool includes in its basic price, over and above the Ft. William open market, extra earnings which are not taken account of in the open market price.

THESE EXTRA EARNINGS ARISE BECAUSE:—

1. The Pool is in the export business with capital and credit supplied by its members.
2. The Pool is in the mixing business.
3. The Pool takes money from its members to build and finance elevators.
4. The Pool keeps on hand, for most of the year, millions of dollars of money belonging to its members, and earns or saves interest on this money.

This is the third time Pool payments have been less than the average open market price—Alberta Pool Wheat payment in 1924, general Pool Wheat payment 1925, and now the 1926 Wheat payment.

Where are the export profits? Where are the savings on lake freights and ocean freights?

Even with all these extra earnings the Pool basic price, after the deductions are made, is away below the open market average, as already shown above. This means that millions of dollars have been lost to Pool farmers and business interests in Western Canada, as compared with what could have been obtained in the open market.

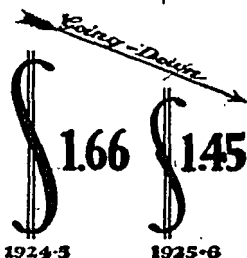
The True Facts About Average Prices

WHAT is meant by the average price of \$1.51 per bushel? It is the average of the official daily closing market prices of No. 1 Northern wheat in store Fort William for the entire crop year of 1925-26. During this crop year there were 301 market days. Of these 301 market days the official closing price for No. 1 Northern wheat, for 201 days, was never less than \$1.51 and during by far the greater part of this period was considerably more; in fact for 72 days the price was from \$1.58 to \$1.70.

It is a matter of permanent record in the offices of the different grain companies that many thousands of non-pool farmers took advantage of these higher prices.

In view of the Pool's programme of orderly marketing, it is very interesting to note that only on 69 days out of the entire crop year was the closing price of No. 1 Northern in store Fort William below the Pool's announced price of \$1.45.

If the Pool is correctly quoted as having made the statement that no farmer was paid by the grain trade, \$1.51 or more for No. 1 Northern wheat, it is a deliberate misstatement of facts intended to mislead the general public. There are thousands of non-pool farmers who can and will deny any such assertion.



In its publications and radio messages the Pool has been claiming that it has raised and maintained the price level of wheat. It asks its members to make a comparison between prices under the Pool and prices before the Pool.

But the complete Pool System has been in operation for two years. Surely a comparison should be made between the two Pool years, before comparing these years with any others.

What has happened in these two Pool years?

The Pool this year paid its members 21 cents per bushel less than it paid them last year.

This year its basis for No. 1 Northern was only \$1.45, whereas last year it was \$1.66.

The Pool claimed at the beginning that it would be able to influence the price level, and it is still claiming that it can and does do so. Why, then, drop the price 21 cents in a year?

If the Pool had made the price in its second year higher than in the first year it would have appeared to many persons that the Pool really had some power and was using it in the interest of the farmers.

If the Pool could not raise the price in the second year, why not have kept it at the same level as in the previous year? This would have been well worth while. It would have given the farmers of Western Canada \$80,000,000 more than they actually received.

But the Pool did not even maintain prices, much less increase them. It allowed them to drop 21 cents per bushel.

Either the Pool has influence on prices or it has not. If it has any such power, then it must accept responsibility for the decline.

If it has no such power, then what good is it, for it does not pay even as much as the average of open market prices?

Average Price is a Fair Test

THROUGH every agency it possesses the Pool keeps protesting that it is not fair to compare its price basis with the average of open market prices.

Not only is this not unfair to the Pool, but it is the very standard it sets for itself.

THE POOL'S OWN STANDARD

For example, in a pamphlet distributed by the Manitoba Pool this year, entitled "Your Questions Answered," the following statements are made in answer to the question, "What is accomplished by the Pool method of marketing wheat?"

"The Pool relieves the farmer of the necessity of guessing the right time to sell his grain, and ASSURES HIM OF THE AVERAGE PRICE FOR THE YEAR on all grain sold through the Pool."

"The Pool can distribute its sales over the year and by this orderly marketing avoid the disastrous effects of the flooding of the market in the fall by the dumping of individual sellers."

Please read these two statements carefully and consider what they mean.

The Pool assures the farmer of the average price for the year.

But the Pool has failed to make good its promise. It failed both last year and the year before. It has failed with the coarse grains as well as the wheat. Its basis has fallen far short of the average price.

This is only judging the Pool by its own standard.

THE POOL PROMISED EVEN MORE

But the Pool does more than assure its members of the average market price. In further statements in answer to the same question, above quoted, it promises to give

its members more than they could get in the open market in the four following ways:—

“Through the Pool the grain is handled at cost, and, therefore, at a saving for the producer.”

“The Pool by the control of volume and through its Central Selling Agency, is enabled to establish direct selling connections and thus eliminate many handling charges between producer and consumer.”

“Control of volume also enables the Pool to take advantage of premiums offered for grain for immediate delivery.”

“Members of the Pool share in the earnings of the Pool-terminal elevators.”

AGAIN IT HAS FAILED

Where are these savings and premiums and profits?

Everything the Pool earned is included in the \$1.45 basis, and interest on the money held back from the farmers is included as well.

Yet the whole sum fails to reach what the Pool assured its members was the least they could get—the market average.

IS IT BAD LUCK OR BAD SYSTEM?

Even if the Pool had not assured its members of the market average, that average would be a fair test.

If a man cannot work out an average in anything, he is in rather poor luck.

Figure it out. There are always more chances of getting at least the average than of getting less than the average. But the Pool has got far less than the average every time on the wheat, and on the coarse grains the result is such that no comment is necessary. The Pool has not even shown that on any one of the scores of different grades it worked out an average.

This is an extraordinary run of bad luck, or there is something wrong with the Pool system.

Yet the Pool, in its literature, still assures its members of the average.

Pool Has Not Influenced Prices

Sales Manager Admitted Natural Causes Governed

ON August 7, 1925, cash wheat closed on the Winnipeg Exchange at 173-7/8. On October 2, it closed at 118-7/8, a decline of 55 cents per bushel in less than two months.

On August 7, 1925, the October Future closed at 149-3/8 and October 2, at 118-7/8, a decline of 30 1/2 cents.

This is the biggest decline that ever took place in the market between August and October, except in 1920-21, when the prices of all commodities all over the world were collapsing, and it took place in the second year the Pool was in complete operation.

On October 1, 1925, the General Sales Manager of the Pool prepared a statement which was published in the Winnipeg Evening Tribune on October 2. The following are quotations from this statement:—

"Considering world-wide conditions, I see nothing unnatural in the recent decline in Winnipeg prices in wheat futures."

"He sees in this decline only an approach of Canadian prices to a parity with prices asked by other exporting countries on the World's market."

"The decline witnessed during the last month appears quite logical and not the result of any artificial market manipulation."

"Wheat prices naturally had to come down to their true value at the present time."

When wheat prices are going down the Pool evidently does not pretend it has any influence on them; they are the result of natural causes and Canadian prices must go to a parity with what other countries ask for their wheat.

It is only when prices go up that the Pool claims any influence. But if it has no power to prevent prices going down, it is a little too much to ask that people should believe that it has been the cause of a rise. If natural and logical causes govern going down, they also govern going up.

That serious slump in 1925 placed Pool theories in a difficult position. If there was any one thing the Pool professed it would be able to do it was to prevent such slumps as that by its system of orderly marketing, but when the worst slump of normal years arrived, it rushed into print to explain that it was quite natural and logical.

And the Pool must have sold a lot of wheat at the low points, because it could not distribute among its members anything near the average market price for the year.

The Facts About 1923-24

THE Pool asks its members to compare prices of the last two years with those of 1923-24. Members are told, or are intended to draw the conclusion, that the Pool is the cause of the difference, and that if there were no Pool today, prices would revert to the level of three years ago.

The Pool could no more have prevented the price decline in 1923-24 than it did in 1925-26.

WORLD DEFLATION IN ALL PRICES

World conditions in 1923-24 were very exceptional. Prices of all commodities had had to break from the inflated levels at the end of the war. Prices have broken like that after every great war in modern history. Cotton prices, fruit prices, tobacco prices—prices of all commodities in which Pools were operating, broke with the rest. Wheat had risen higher than almost anything else, because of the special demand, and it fell very fast during 1921-22 and 1922-23.

EFFECT OF EXCESSIVE SUPPLIES

Then came 1923-24 with the greatest crop of wheat the world, exclusive of Russia, had ever had—nearly 400 million bushels more than in the two previous years. The world was impoverished and had only a limited amount to give in exchange for all this wheat. There were millions of unemployed in Europe and Governments were no longer buying for the people, as they did up to 1921. The price per bushel had to drop.

Just as the General Sales Manager of the Pool said of the decline in 1925, with the increased supply the decline witnessed "appears quite logical. . . . Wheat prices naturally had to come down to their true value."

OPEN MARKET BROUGHT ABOUT RISE AGAIN

But before the end of the crop year 1923-24 there was a change. The open market was alert, as it always is, to take advantage of

every condition that makes a rise in price possible. By March there was reason to believe winter wheat in Europe was not coming through in very good shape. Look up your records of open market prices! After April 1, 1924, October futures began to rise and went steadily upward. Spring wheat in Canada was not promising well. From 98 $\frac{3}{4}$ on April 1, October futures touched \$1.45 $\frac{1}{8}$ on July 26.

There was no Saskatchewan or Manitoba Pools then, and no Central Selling Agency. A new higher level was set for the next crop year before the Canadian Wheat Pool was operating, but the full extent of the damage to the world's crop was not yet known. By the time the Southern Hemisphere crops were ready it was found that the World's crop was 396 million bushels smaller than in 1923-24. The big excess which had broken the market in 1923 had disappeared; and the world was slowly recovering its buying power. Prices adjusted themselves to the facts—as they must always do.

Has the Wheat Pool Abandoned Its Policy of Orderly Marketing?

EVERYONE knows what the farmers were told about Orderly marketing when they signed the Pool contract, and how it was the basic principle on which the Pool was formed. By means of orderly marketing, the Pool was to be able to control market prices and get a better return than under the open market system.

But what is the Pool doing?

For the first time, some figures about Pool shipments have been given out. In his speech at the annual meeting of the Saskatchewan Pool, on October 27, last, Mr. D. L. Smith, Sales Manager of the three Pools, stated that between September 1 and December 15, 1925, the Pool shipped out or sold at Fort William 111,500,000 bushels of wheat, as follows:

From Pt. Arthur-Ft. William	83,000,000 Bus.
From Vancouver	7,500,000 "
Sales Fort William.....	21,000,000 "
	<hr/>
	111,500,000 "

The Pool's total handlings for the year are given as 187,500,000 bushels. Therefore, only 76,000,000 remained for all the rest of the year.

About $1\frac{1}{2}$ times as much in $3\frac{1}{2}$ months as in the remaining $8\frac{1}{2}$ months. On a monthly basis:

During $3\frac{1}{2}$ months, 31,850,000 bus. per month.
During $8\frac{1}{2}$ months, 8,940,000 " " "

IS THIS ORDERLY MARKETING?

Pool Leaders are now busy trying to twist or smash up this fundamental Pool doctrine of orderly marketing because it conflicts with the way the Pool acts.

Mr. A. J. McPhail, President of the Central Selling Agency, is quoted as follows in the Western Producer of November 11:

"The impression that farmers who held their wheat back were helping the Pool was wrong. Wheat should be moved to selling position in the fall as rapidly as it could be got out. . . You have got to sell when the demand exists or you will find yourself holding the bag in your hands."

Money Dumping vs. Natural Circulation

GRAIN in any position, from the farmer's wagon to the warehouse in Europe, is a cash commodity. Spot cash in full is paid by all buyers. This is the established system in grain trading.

The Pool has made no change in the way the wealth is created, in the way grain moves into selling positions or in the way costs of handling are incurred.

MONEY REALIZED IN THE SAME OLD WAY

Harvest comes at the same time and there is still only one harvest in the year. The wealth produced moved into realizable positions just as it did before. The Pool has not made more regular the deliveries at country points, receipts at the terminals, shipments out of Western Canada or the ocean movement. On the average in the two pool years, 70.1 per cent of the total wheat deliveries took place in the first four months of the crop year, as against 69.8 per cent in 1923 and 70.3 per cent as the average of the 4 pre-pool years. In other stages of the movement the comparison is much the same. That is, the Pool theory of orderly marketing has not worked out.

Payment is still made in spot cash by all buyers. The Pool sells for cash.

BUT THE POOL BLOCKS NATURAL CIRCULATION

But the Pool does not buy any wheat, it only makes an advance on account. And the money realized by the Pool is not distributed as received.

Instead of the prompt natural return of the money as realized, it is distributed by dumping at intervals — last crop year, \$37,000,000 was dumped in March, another \$37,000,000 in July and some more millions in October.

A large part of what will be dumped next March and July would already have been in circulation at this date if it were not for the Pool.

No corresponding change in fundamental economic conditions explains or justifies this change in circulation.

And money is worth more to farmers and merchants than it is to the Pool.

Pool Deliveries, Shipments and Exports Violate the Pool Theory of Orderly Marketing

QUESTION: "What is the Wheat Pool now proposed?"

ANSWER: "It is a plan for the orderly marketing of wheat."

This question and answer was given first place in the literature issued when the Pool was being organized.

WHAT ORDERLY MARKETING MEANS

Farmers were told Orderly Marketing meant orderly country deliveries to suit the farmers' convenience, orderly movement on the railways to reduce costs and rates, and orderly export, to feed out supplies to importing countries regularly, since this is the way wheat is consumed.

In a previous memorandum it was shown that, contrary to this principle, Pool officials are now advising that deliveries cannot be made too fast in the Fall and that Pool shipments from terminals and sales at Fort William are extremely irregular throughout the year.

LESS REGULAR THAN BEFORE

That, as a matter of fact, deliveries, shipments and exports, have not been made more regular by the Pool, but rather less regular than they were before, is shown by the following:

Last year, 72.8% of the wheat was delivered by the end of November and 88.5% by the end of December, which are higher percentages than in pre-Pool years. The railways, therefore, had an even more difficult and costly task than before.

Wheat is moved away from the terminals much in the same relation to receipts in each

year. The real measure of exports is the shipment of Canadian wheat from ocean ports.

EXPORTS UNEVENLY DISTRIBUTED

Last year, under the Pool, 60.6% of all the wheat sent to overseas countries was shipped in the first six months and only 39.4% in the second six months. By contrast, in 1923-24, when the crop was about the same size but the Pool had not become a factor, 51.2% was shipped overseas in the first half-year and 48.8% in the second half-year, which is much more regular marketing.

SALES ALSO IRREGULAR

From figures given out by Mr. D. L. Smith, Sales Manager of the Pool, on October 27, 1926, and again on December 1, it would appear that between September 1 and December 15, 1925, which was the period of lowest prices last year, the Pool sold twice as much per month as during the balance of the year when prices were higher. This is not orderly selling as laid down by the Pool at the beginning, and the adoption of this course last year would account for the low average price realized.

It is evident the Pool has never acted according to its theory, and that now it is advising its members to act contrary to it.

The Patronage Dividend as Viewed by Pool Members

THE following are extracts from letters of Pool Farmers which have appeared in the Western Producer, the organ of the Saskatchewan Pool:

TATE, OCTOBER 14/26—

"As all contract signers shared equally in the costs of building those elevators, surely all contract signers should share equally in the profits. . . . This payment is in no sense a patronage dividend as the term is usually meant. In fact I would call it rank discrimination."

ITUNA, OCTOBER 28/26 —

"All of us paid for these elevators, but only a few are to share in the profits. I do not think we should invest money to make a profit as interest, but as a means to raise the price of a bushel of wheat. Why should the patrons of pool elevators, either local or terminal, be entitled to interest on his 2 cents per bushel elevator deductions and 1½ to 2 cents per bushel for patronizing the Pool elevators, which were built by money supplied by ALL contract signers? . . . In regard to interest on elevator deductions—who is going to pay us the interest? We are operating a wheat pool on a non-profit basis. The elevators are the facilities of that Pool. Under these conditions I cannot see where I am going to get any interest, only what I pay myself. In other words, take it out of one pocket and put it in the other; only when I pay a clerical staff to figure interest I will not have so much to put in the other."

CARRUTHERS, NOVEMBER 4/26—

"I would say that, until every Pool member has access to Pool elevators, no favor should be given to the fortunate ones who have that option."

EAGLEFELD, NOVEMBER 11/26—

"This is certainly discriminating against members who had no chance to patronize pool elevators."

WARMAN, NOVEMBER 18/26—

"We have already sacrificed many of the ideals and principles we preached and boasted about during the sign-up campaign, so let us keep to true cooperation or we shall soon be saddled with another White Elephant."

RAYMORE, NOVEMBER 25/26—

"I see by your Wheat Pool News of November 11th that the delegates in their annual meeting decided that no further patronage dividends should be paid in cash, but that patrons of Pool elevators should be credited with them. (Nothing for the poor devil losing sweat loading over the platform to make sure the Pool gets the original wheat). This looks to me like a recognition of a wrong done but with a determination to perpetuate it in another form. . . . We are going to acquire elevators with it from now on. Yes, we are; after giving away the profits in the shape of dividend credits we are going to borrow it back and pay six per cent to men who should not have had the credits in the first place."

SALTCOATS, NOVEMBER 25/26—

"Even though there was a pool elevator at every point in the province, this action, in my opinion, would not be justified, as one elevator cannot handle all the grain at a given point in the rush season, and why should those who deliver to other elevators because the pool elevator is unable to take their grain, be penalized two cents over and above the higher handling charge of the line elevator? Then it must be borne in mind that those who have no pool elevator have subscribed through the 'elevator deduction' for the construction and purchase of pool elevators, equally with those who are within reach of pool elevators."

RAYMORE, DECEMBER 23/26—

"These elevators were provided from deductions taken from the whole Pool, not from the deductions of the small section alone who are now picking up the dividend. As to the cost of operation—the Pool man who cannot avail himself of a Pool elevator has to pay operating costs and also profit on the elevator he uses. We did not join the Pool to

make investments in deductions but to acquire a marketing machine and to 'pool' the results. Under a 2 cent patronage dividend the only man who is paying to acquire Pool elevators is the man who has not got one."

34-072, JANUARY 6/27—

"This patronage dividend to Pool elevator patrons appears to me a very one-sided affair."

NORQUAY, JANUARY 20/27—

"I think we made a mistake by returning those surplus earnings as a patronage dividend."

WAUCHOPE, JANUARY 20/27—

"So far as I have heard, there is no good reason for the patronage, and until I hear a good reason for it, or the board of directors see fit to rescind the motion, I will not sign a new contract."

EASTEND, FEBRUARY 3/27—

"We want to know nothing about last year's patronage dividends whatever, or what the line elevators are doing this year; but what we do want to know is—how it came to pass that a lot of our neighbors got two cents a bushel more for their wheat, 1926 and 1927, grade for grade, than we, the kickers, got?"

HENDON, FEBRUARY 3/27—

"What will be the result if this system operates at a loss in 1927 or any other year, which is possible in the event of a failure or short crop? Are our directors going to those who patronized the system and ask for a refund? They would again revert to the 2 cents deductions and every member of the Pool would be called upon to pay his proportionate share of the deficit. In my opinion this act is demanding co-operation on the part of those who have no Pool elevator and discriminating against them in favor of those who have. Discrimination in return for co-operation is, in my opinion, sufficient grounds for not signing the new contract, at least until the developments of another year prove different."

The Attitude of the Grain Trade Towards the Pool

IN order that the public, which includes all business men and all farmers, may have a proper understanding of the position which the grain trade adopted at the inception of the Pools, a brief outline of their policy up to the present time is given below.

Everyone will agree that the Pool system of marketing was an experiment. If this experiment was to be given a thorough test as against the open market system it was necessary at the inception of the Pools that the grain trade should place all their facilities at the disposal of the Pool executive. This the grain trade willingly did under a contract whereby Pool grain was handled as the Pool executive desired, and at a remuneration less than it should have been, taking into consideration the capital investment. Pool officials have admitted from time to time that the elevator operators have carried out the terms of their contract in a very satisfactory manner indeed.

In addition to handling the grain for Pool account, the elevator operators financed all Pool grain passing through their elevators as well, which was of great assistance to the Pools, as at the beginning the Pools had neither capital nor reserves.

Notwithstanding the fact that, largely because of the great practical assistance of the elevator operators, the Pool system of marketing has had every opportunity to fully develop itself as against the open market system, the Pool system has not succeeded in its main aims and has not been able to secure a return equal to the average price in the open market. Pool theories and declared objects have not been accomplished and are one by one being abandoned by the Pool leaders.

The literature which the Committee of the Northwest Grain Dealers' Association has lately been supplying to members and their agents has been circulated in order that there might be a proper and intelligent understanding of the results obtained by the Pool to date as compared to the open market system. All criticism in this literature is reasonable in character and is supported by facts.

It is hoped this explanation will absolutely clear up, in the minds of the public, the position of the elevator operators. They have not hampered in any way the Pool executives in their operations up to date. If the Pools have failed to secure average prices, as compared to the open market system, it is the fault of the Pool system and not of the grain trade.

OVER THE RADIO

A Few of the Daily Broadcasts

AN UNSATISFACTORY SYSTEM

NOVEMBER 29/26

Conditions this year have made even Pool members see how unsatisfactory and artificial is the Pool system of payments. On the majority of grades, the advance made is so small that large numbers of Pool members have found themselves in financial difficulties. Even though they delivered their grain as fast as was physically possible they could not get enough money to meet their pressing obligations. So serious has the situation been that the Manitoba Pool found it must distribute more money, and is making what is called a "loan" of 10c per bushel on all oats delivered; and the Central Selling Agency has now declared an interim payment of 6c per bushel on oats in Manitoba and Saskatchewan. This second payment is not in addition to the loan in Manitoba, but is to be credited against it. Could anything be more complicated or more awkward? The Pool has departed from its principle of payments, and the Pool farmer is put in the position of owing the Pool money, although he has transferred to it, in selling positions, grain that has an immediate spot value of a good deal more than he has got from the Pool. If a farmer needs money and has a cash commodity to deliver, he should be able to get the money as he needs it, and not as a loan, but as his own property.

A SIGNIFICANT DECISION

DECEMBER 3/26

Unusual significance attaches to the decision of United Grain Growers, Limited, when by a majority represented as more than four to one, a full meeting of delegates of that company voted not to endorse even the principle of selling their elevator system to the Wheat Pool. A similar position was taken last year, but this year's action appears more

clear-cut and decisive, and is much more significant because the farmers of the West have had one more year of experience with the Pool since the last vote was taken. The shareholders of United Grain Growers, Limited, are farmers, and farmers who believe in co-operative principles, and these men are less prepared than they were a year ago to agree that the Wheat Pool system is the best thing for the producers.

SOMETHING TO EXPLAIN

DECEMBER 6/26

Prices of leading grades of wheat in the United States are now a good deal higher than corresponding prices in Canada. In Minneapolis on Friday, Dec. 3, for example, No. 1 Dark Northern wheat sold from \$1.47 $\frac{7}{8}$ to \$1.51 $\frac{3}{4}$, while No. 1 Northern Manitoba was 134 $\frac{1}{2}$ at Fort William, a difference of 13 to 17 cents per bushel. In view of the claim being continuously put forward by the Pool that it has succeeded in raising the parity of Canadian wheat as compared with the wheats of other countries, it is not unreasonable to ask that the Pool should explain the above price situation. When two years ago Canadian basic prices were for a time higher than United States prices, the Pool claimed the credit. This year the United States has a large exportable surplus and has up to date been exporting a good deal more wheat than Canada has. On the Pool theory, why should there be the present difference in prices?

WHAT ABOUT COTTON?

DECEMBER 8/26

We feel sure it would prove very interesting to Pool members, and also to the general public, if the publicity agents of the Pool would explain what has happened to cotton prices this year. In radio talks by the Manitoba Pool and in Pool journals, what is being said and done in co-operative circles in the United States has recently been quoted at great length, but there has not been a word about cotton. Yet when the Canadian Pool was being organized the cotton pools were held up as a great example of what might be accomplished. In his Saskatoon

speech in 1923, for example, Mr Sapiro declared everyone had to admit that these cotton pools were having "a distinct and definite influence on the New York market in shooting the price of cotton upwards." Cotton prices have been shooting downward this year to a point where the cotton growers have required special financial assistance. What is the explanation?

EXCITED UNDER CRITICISM

DECEMBER 20/26

It is interesting to find how disturbed and even excited the Pool becomes under criticism. For three years Pool advocates have not only been criticising, but in numberless cases absolutely abusing the grain trade. All this was taken with very good temper by the trade, which not only did not obstruct the Pool, even by undue criticism, but allowed the Pool to use all of its facilities to make a fair test of Pool theories. Now that what has been done by the Pool in the past three years is being examined in a reasonable way, there is great disturbance. Many evidences of this are already before the public, the latest being the announced intention of the Alberta Pool to organize a boycott against any elevator company that distributes educational literature. Such a course of action suggests that the Pool must feel very insecure. We understand that boycotting is sometimes attempted in China, but public opinion in more advanced countries regards that weapon as a little out of date.

AN OPEN MARKET FOR OPINIONS

DECEMBER 22/26

In its radio talks the Manitoba Pool has indicated its endorsement of the boycott policy of the Alberta Pool, which recently announced the establishment of an educational and propaganda department of its own, but proposes a boycott against any elevator company that distributes educational literature. The Pool, of course, is making a big mistake in assuming this absurd position. It is demonstrating that it is even more radically opposed to an open market for opinions than it is to an open market for grain. The people of Canada by inheritance and by conviction, will be found to be defenders of the open market for opinions.

A DOMESTIC SHORTAGE OF MATERIAL

DECEMBER 23/26

One would suppose that the Pool farmers in Canada must be more interested in what people say in the United States than in any-

thing else in the world. If this is not really the case why should Canadian Pool propaganda consist of about 90 per cent of quoted extracts from speeches or writings across the line? We have noticed, however, that a very great deal is omitted that happens in the United States. The great omission is that no reference is ever made to the fact that after trying for a good many years the United States' advocates of co-operation have not succeeded in organizing an effective grain pool. If there had been any real accomplishment, opinions from the United States would be better worth quoting. The excuse, no doubt, made by the educational agencies of the Pool is that they cannot find sufficient material in Canadian facts and they are glad to avoid the discussion of such points as why the Canadian Pool has never yet paid the average open market price, although they assured the original signers they could certainly count on it.

GETTING THE FACTS STRAIGHT

DECEMBER 28/26

It is always important to get the facts straight before attempting explanations. The Pool set out to improve the price of Canadian wheat relatively to the prices of other commodities, and its sales manager has recently declared that its chief accomplishment has been that it has raised the level of Canadian wheat as compared with other world wheat. The fact with regard to the first claim is that wheat is today lower in relation to general prices than it was before the war, while with regard to the second claim, not only are prices at Minneapolis higher than prices at Winnipeg, although the United States has a large exportable surplus, but Australian wheat of average quality is now regularly selling at Liverpool at higher prices even than Manitoba No. 2 Northern. The public will remember how widely the Pool claimed credit for itself when, during a brief period about two years ago, the level of Canadian prices was nominally higher than the level in the United States, also during the periods when there has happened to be a slight premium on Canadian wheat at Liverpool. We have not noticed that the Pool is now even informing its own members of the greatly altered conditions this year.

FINANCIAL UNCERTAINTY

DECEMBER 30/26

At this season it is traditional to make resolutions and plans for another year. In Western Canada there are 125,000 farmers, or more, who can not make any definite

financial plans because they have no idea how much cash the Pool will pay them. They expect to receive a little money in March, but no farmer will feel confident that he could guess within 50 per cent how much money he will then get. The same is true of the payment expected in July, while the prospect of a trifle more sometime before the end of October is still more uncertain. Farmers with lower grade wheat cannot be sure even that they will get payments on all these occasions. The first interim payment may also be the last for them. It is hard to make financial plans under these conditions. All farmers necessarily have one great uncertainty, the yearly yield per acre, but Pool farmers have in addition the uncertainties of three financial harvests in the year.

A CHANGE IN POLICY

JANUARY 8/27

In a radio talk, Mr. McPhail, president of the Saskatchewan Pool and also of the Central Selling Agency, repeats a statement formerly made by him which he thinks has been misinterpreted. The statement that he repeats is that the Pool does not desire to do anything to encourage farmers to hold their wheat on the farms in any substantial quantity because the Pool has never yet had more wheat delivered before the close of navigation than was desirable. We have noticed no misinterpretation of this statement. It has been pointed out, however, that it is not consistent with the policy laid down by the Pool at the beginning, which was that the farmer should deliver more regularly and that the railways should have a more even load throughout the year and be able to reduce rates. Mr. McPhail has absolutely abandoned the original Pool policy in this respect. Mr. McPhail's statement as above was not represented as in itself conclusive proof that the Pool was dumping its sales, but figures given out by Mr. Smith, the sales manager, showed that the Pool did unload very heavily in the autumn months. The two statements taken together supplied the proof, and the fact that the Pool worked out so low an average price for the year was confirmation that it had sold much more at the lower prices than at the higher prices. One or two other statements by Mr. McPhail also deserve comment.

JUDGED BY PURCHASING POWER

JANUARY 10/27

In his radio talk, President McPhail said that according to his understanding the main practical object of the Pool was to establish the price of wheat at a level that would compare favorably with the price level of

other essential commodities. If this is the main object of the Pool, then the results must be extremely disappointing to Pool members. Everyone knows from personal experience that there has not been much change in the price level of general commodities in the last two and a half years, and government records of prices confirm this impression. Yet the price of wheat has rapidly tended downward during this period. The Pool basis in its second year was 21 cents per bushel lower than in its first year, and it is evident that it will again be still lower during the current year. Compared with general prices the wheat price is lower today than when the Pool began operations in the Autumn of 1924. The general purchasing power of a bushel of wheat is considerably lower today than it was in the five years before the war.

RATHER AMUSING

JANUARY 12/27

As Western Canada has a sense of humor, what Pool agencies are now saying about the cost to the Grain Trade of publishing certain facts bearing on the results of Pool operations, can only cause amusement. The contrast with the infinitely more extensive and expensive campaign carried on by the Pool itself is so startling. The result must be to bring home to the Pool farmer that he is paying for all the Pool newspapers, Pool literature, for three propaganda organizations, for travelling speakers and field men, for expenses of delegates to Pool meetings, for trips to Australia, Argentina, to Europe and to Asia, for commissions on securing Pool contracts, and for all the innumerable other expenditures of the Pool system.

WHERE JUDGMENT IS FREE

JANUARY 15/27

The Department of Commerce of the United States publishes a report from one of its Australian representatives that the Victoria Wheat Pool, which is a voluntary government guaranteed pool, had an unsatisfactory year in 1925-26. Farmers handled their own products to a greater extent than in previous years and a little less than one bushel out of every eight produced in the State was delivered to the Pool. Australian farmers have had more years of experience with wheat pools than have those of any other countries. A contract pool with heavy penalties is naturally favored by pool bureaucracies, but in a voluntary pool lies the best test of how farmers find their interests affected by the pool system. The free judgment of Australian farmers, after long experience, has a significance that should not be overlooked.

CANADA'S BARGAINING POWER

JANUARY 21/27

In an important study of the Canadian Wheat Pools by Professor W. A. Mackintosh, published about a year ago in the Queen's Quarterly, the possibility of the raising of price levels by the Pool is discussed. The conclusion in the words of the author is that "any attempt on the part of Canadian growers to raise their price by withholding wheat from the market would, if successful in temporarily raising the price and if persisted in, result in increasing wheat production in other countries to the detriment of the Canadian industry." Professor Mackintosh points out that Canada produces only about 10 per cent of the wheat of the world, and although she may contribute over 40 per cent of the quantity moving in international trade, nevertheless Canada's bargaining power is measured by the smaller and not by the larger percentage, since "an increase of 10 per cent in the production of all other countries would eliminate the need for Canadian wheat unless a decreased price stimulated increased demand." In Europe also, there is the competition of substitutes and particularly of rye and potatoes, to be taken into account.

PREPARING THEIR MINDS

JANUARY 29/27

In a speech at Saskatoon on January 24, Mr. McPhail, President of the Central Selling Agency, clearly intended to prepare the minds of Pool members for smaller payments this year. He admitted that price levels were lower this year than last, but claimed credit for the Pool for stabilizing prices. But prices have been stabilized at the bottom level. Why did not the Pool, if it had any of the influence it claims, stabilize prices at a higher level? The fact that prices have been sliding downward ever since the Pool began operations must be very disturbing to those who have believed in Pool theories, and it cannot be much satisfaction to be told that prices have been temporarily stabilized at the lowest level reached in the three years. Mr. McPhail also admitted that at least one payment made by the Pool last year was larger than it should have been, and presumably he meant the payment made in March. This is apparently a suggestion that Pool members should not expect very much this March. It is not improbable that most Pool members will want to know a little more about results this year before they sign up for another five years.

